



State of Rhode Island and Providence Plantations
Caseload Estimating Conference
ROOM 117, STATE HOUSE, PROVIDENCE, RHODE ISLAND 02906

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MEMORANDUM

To: The Honorable Donald L. Carcieri, Governor
The Honorable M. Teresa Paiva Weed, President of the Senate
The Honorable Gordon D. Fox, Speaker of the House

From: Peter M. Marino, Senate Fiscal Advisor
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Date: May 13, 2010

Subject: May 2010 Caseload Estimating Conference

The Caseload Estimating Conference convened on May 7, 2010 in an open public meeting to review and revise cash assistance caseload and medical assistance expenditures for FY 2010 and FY 2011. In comparison to the estimates adopted at the November conference, the Caseload Estimating Conference increased total financing for these programs by \$12.6 million and \$58.8 million for FY 2010 and FY 2011, respectively.

General revenue funded expenditure estimates were decreased by \$7.2 million for FY 2010 and increased by \$21.7 million for FY 2011, for a net change of \$14.5 million over both years compared to the estimates adopted in November. The FY 2011 estimate includes the enhanced Medicaid reimbursement rate provided by the American Recovery and Reinvestment Act of 2009 until its statutory expiration on December 31, 2010.

	FY 2010				FY 2011		
	FY 2010 Enacted	November 2009 CEC	May 2010 CEC	Change from November	November 2009 CEC	May 2010 CEC	Change from November
Cash Assistance							
All funds	\$120.9	\$117.3	\$115.1	(\$2.1)	\$117.9	\$114.5	(\$3.4)
General revenue	30.2	30.2	30.4	0.2	34.5	34.4	(0.0)
Medical Assistance							
All funds	\$1,447.7	\$1,488.6	\$1,503.3	\$14.7	\$1,545.3	\$1,607.5	\$62.2
General revenue	562.3	578.6	571.2	(7.4)	668.6	690.3	21.7
Consensus Caseload Total							
All funds	\$1,568.6	\$1,605.9	\$1,618.4	\$12.6	\$1,663.2	\$1,722.0	\$58.8
General revenue	592.5	608.8	601.6	(7.2)	703.1	724.8	21.7
\$ in millions. (Totals may vary due to rounding.)							

Cash Assistance

The cash assistance programs for FY 2010 are estimated to total \$115.1 million, a decrease of \$2.1 million compared to the November estimate. The general revenue share is estimated at \$30.4 million, an increase of \$191,025 from November. The programs for FY 2011 are estimated to total \$114.5 million, \$3.4 million below the FY 2010 enacted budget. The general revenue share is \$34.4 million, a decrease of \$33,025 from the November estimate. The FY 2010 estimate includes \$4.5 million from stimulus funds for subsidized child care that is not available in FY 2011, requiring general revenues instead. Each program is discussed separately below.

Rhode Island Works. Caseload expenses are decreased by \$1.7 million for FY 2010 and \$1.4 million for FY 2011 compared to the November conference estimate. Program costs totaling \$44.0 million for FY 2010 and \$42.2 million for FY 2011 are entirely supported by federal temporary assistance to needy families (TANF) block grant funds. The estimate includes 18,250 persons receiving average monthly benefits of \$185.00 in FY 2010 and 17,075 persons receiving benefits at \$188.00 per month for FY 2011.

	FY 2010			FY 2011		
	November 2009 CEC	May 2010 CEC	Change	November 2009 CEC	May 2010 CEC	Change
Persons	18,500	18,250	(250)	17,400	17,075	(325)
Monthly Cost per Person	\$190.00	\$185.00	(\$5.00)	\$194.00	\$188.00	(\$6.00)
Cash Payments	\$42,180,000	\$40,515,000	(\$1,665,000)	\$40,507,200	\$38,521,200	(\$1,986,000)
Total Program Costs	\$45,665,000	\$43,985,118	(\$1,679,882)	\$43,582,200	\$42,186,265	(\$1,395,935)

Both the FY 2010 and FY 2011 estimates reflect caseload shifts resulting from various time limitations imposed on families receiving assistance through the Rhode Island Works program. The FY 2010 caseload estimate reflects the disqualification of 994 families from benefits in August 2009 due to the 48 month lifetime limit. The FY 2011 caseload estimate assumes that as of July 2010, approximately 858 households will no longer be eligible for cash assistance due to the restriction that a family may only receive 24 months of assistance in a five year period. The FY 2011 estimate further assumes that approximately 20 percent of these households will temporarily retain their benefits through the hardship provision consistent with federal requirements allowing a state to exempt that portion of its caseload from the time limits while continuing to pay the benefits from federal funds.

Each fiscal year's estimate also incorporates a trend rate of entry and exit from Rhode Island Works due to factors including, but not limited to, statutory time limitations, re-employment, non-cooperation, interstate transience, voluntary withdrawal, hardship extensions, and unemployment.

Child Care. Relative to the November estimate, child care slots are projected to increase slightly in FY 2010 and decrease in FY 2011 for adopted totals of 6,440 and 6,480, respectively. Estimated FY 2010 total costs of \$46.2 million include \$40.0 million from federal funds and \$6.2 million from general revenues. Estimated FY 2011 total costs of \$46.7 million include \$37.1 million from federal funds and \$9.6 million from general revenues.

	FY 2010			FY 2011		
	November 2009 CEC	May 2010 CEC	Change	November 2009 CEC	May 2010 CEC	Change
Subsidies	6,400	6,440	40	6,561	6,480	(81)
Annual Cost per Subsidy	\$7,300	\$7,170	(\$130)	\$7,400	\$7,200	(\$200)
Total Costs	\$46,720,000	\$46,174,800	(\$545,200)	\$48,551,400	\$46,656,000	(\$1,895,400)

Supplemental Security Income. The estimators project no change to the number of program recipients for FY 2010, and increased the estimate for FY 2011 by 50 recipients. For FY 2010, the estimate includes a monthly cost per person of \$47.30 and a recipient caseload of 32,000. For FY 2011, the estimate includes a monthly cost per person of \$47.15 and a recipient caseload of 32,650.

	FY 2010			FY 2011		
	November 2009 CEC	May 2010 CEC	Change	November 2009 CEC	May 2010 CEC	Change
Persons	32,000	32,000	-	32,600	32,650	50
Monthly Cost per Person	\$47.00	\$47.30	\$0.30	\$47.52	\$47.15	(\$0.37)
Cash Payments	\$18,048,000	\$18,163,200	\$115,200	\$18,589,824	\$18,473,370	(\$116,454)
Transaction Fees	4,012,800	4,012,800	-	4,176,060	4,182,465	6,405
Total Costs	\$22,060,800	\$22,176,000	\$115,200	\$22,765,884	\$22,655,835	(\$110,049)

Adding anticipated transaction costs in both years yields total expenditures of \$22.2 million and \$22.7 million in FY 2010 and FY 2011, respectively.

General Public Assistance. The estimators project an increase in the number of general public assistance recipients in both FY 2010 and FY 2011. Expenditures were decreased by \$13,503 in FY 2010 and \$39,640 in FY 2011 for the various programs comprising General Public Assistance, including monthly cash payments, burials, and certain medical costs. The estimators recognize the state's continued ability to leverage Medicaid financing under the Global Waiver for medical services provided to these clients and include \$736,680 from federal funds for FY 2010 and \$819,718 for FY 2011, offsetting a portion of the costs that were previously state-only.

Medical Assistance

The medical assistance programs are estimated at \$1,503.3 million for FY 2010, an increase of \$14.7 million from the November estimate. This includes a general revenue decrease of \$7.4 million. Federal expenditures were set at \$926.3 million, \$22.1 million more than November.

The estimators project FY 2011 expenditures of \$1,607.5 million, an increase of \$62.2 million from the November estimate. This figure includes general revenues totaling \$690.3 million, an increase of \$21.7 million from November. The consensus estimate assumes that the enhanced Medicaid match rate included in the American Recovery and Reinvestment Act of 2009 (ARRA) will be in effect only for the first two fiscal quarters of the year, with a reversion to the base (unenanced) level on January 1, 2011. Accordingly, federal expenditures were set at \$911.2 million in FY 2011, or \$40.2 million higher than November.

Hospitals. The estimators adopted FY 2010 hospital expenditures of \$244.7 million, \$6.9 million more than adopted in November. The FY 2011 hospital expenditures are set at \$212.3 million, \$6.8 million more than November. The estimates for both years continue to assume shifting the elderly and adults with disabilities populations from the fee-for-service system to the Rhody Health managed care program per the Department's policy of mandatory managed care enrollment for these clients, which began in September 2009. The state pays a capitated rate for these clients, but some outstanding fee-for-service costs are due in FY 2010, accounting for the additional funding in FY 2010.

The 2009 General Assembly passed Section 2 of Article 19 of 2009-H 5983 Substitute A as amended, which authorized \$29.1 million for upper payment limit reimbursements and a state-only payment for additional unqualified expenses in FY 2010. The FY 2010 estimate includes these expenditures, but the FY 2011 estimate for hospitals excludes these payments due to the absence of statutory authority.

Long Term Care. Caseload estimators set the revised FY 2010 expenditures at \$383.5 million which is \$19.8 million above the November estimate. The estimators adopted FY 2011 expenditures of \$404.8 million which is \$32.0 million above the November level. The estimate includes home and community based services expenses of \$54.5 million for FY 2010 and \$67.8 million for FY 2011. Consistent with Article 14 of 2007-H 5300 Substitute A as amended, the estimators include \$12.4 million for home and community care services for FY 2011 that was included in the November estimate.

Managed Care. Expenditures for managed care are estimated at \$560.0 million from all sources of funds for FY 2010, an \$8.3 million reduction compared to November. FY 2011 managed care expenditures are estimated at \$626.0 million, or \$1.0 million less than November's estimate. Managed care includes financing for the Children's Health Insurance Program (CHIP) of \$38.6 million and \$43.7 million for FY 2010 and FY 2011, respectively. The estimate also includes \$2.9 million in Medicaid-matched transportation expenses in FY 2010 and \$3.9 million in FY 2011.

Rhody Health. The estimators adopted expenditures of \$154.5 million in FY 2010, \$6.5 million more than November, and \$185.0 million in FY 2011, \$17.0 million more than November, reflecting anticipated enrollment increases and cost-shifting from the fee-for-service system into the managed care plan. These shifts result from the Department's policy of mandatory managed care enrollment for the elderly and adults with disabilities.

Pharmacy. FY 2010 pharmacy expenditures are estimated at \$11.1 million, \$3.1 million less than the November estimate. FY 2011 pharmacy expenditures are estimated at \$12.2 million, \$0.1 million more than November.

Pharmacy Clawback. In February, the federal Center for Medicare and Medicaid Services reversed an earlier decision that the ARRA-enhanced Medicaid match would not apply to the Medicare Part D clawback payments. Applying the enhanced match rate, the May estimate for the FY 2010 pharmacy clawback payment is \$26.0 million, \$18.0 million less than the November estimate. Clawback payments for FY 2011 (assuming the December 31, 2011 expiration of the enhanced Medicaid match rate) are estimated to be \$40.8 million, \$5.4 million less than November. Expenditures for the Medicare Part D clawback payment consist solely of general revenues.

Other Medical Services. FY 2010 expenditures for other medical services are estimated at \$123.5 million for FY 2010, \$10.9 million more than November, and \$126.4 million for FY 2011, \$12.7 million more than November.

The FY 2011 estimate includes \$40.5 million for Medicare premium payments that the state makes on behalf of individuals who are eligible for both Medicare and Medicaid. The estimate also includes \$37.0 million for rehabilitation services, \$16.7 million for physician services, \$12.0 million for transportation services, and \$7.5 million to the Tavares pediatric facility. Providers are reimbursed on a fee-for-service basis to provide medical services to certain children and elderly and disabled adults.

The following table summarizes the adopted changes for cash and medical caseloads.

<i>FY 2010 Cash Assistance</i>	FY 2010 Enacted	November 2009 CEC	May 2010 CEC	<i>Change from November</i>
Rhode Island Works				
Persons	18,316	18,500	18,250	(250)
Monthly Cost per Person	\$182.50	\$190.00	\$185.00	(\$5.00)
Cash Payments	\$40,112,300	\$42,180,000	\$40,515,000	(\$1,665,000)
Monthly Bus Passes	6,000,000	3,300,000	3,372,600	72,600
Supportive Services	175,000	125,000	100,000	(25,000)
Tax intercepts	(330,000)	(300,000)	(300,000)	-
Clothing - Children	253,000	275,000	245,518	(29,482)
Catastrophic	80,000	65,000	38,000	(27,000)
Work Supplementation	30,000	20,000	14,000	(6,000)
Total Costs	\$46,320,300	\$45,665,000	\$43,985,118	(\$1,679,882)
TANF Block Grant	46,320,300	45,665,000	43,985,118	(1,679,882)
General Revenue	-	-	-	-
Child Care				
Subsidies	6,810	6,400	6,440	40
Annual Cost per Subsidy	\$7,350	\$7,300	\$7,170	(\$130)
Total Costs	\$50,052,500	\$46,720,000	\$46,174,800	(\$545,200)
Federal Funds	43,552,500	40,546,523	40,001,323	(545,200)
General Revenue	6,500,000	6,173,477	6,173,477	-
SSI				
Persons	32,200	32,000	32,000	-
Monthly Cost per Person	\$46.75	\$47.00	\$47.30	\$0.30
Cash Payments	\$18,064,200	\$18,048,000	\$18,163,200	\$115,200
Transaction Fees	3,882,780	4,012,800	4,012,800	-
Total Costs (General Revenue)	\$21,761,354	\$22,060,800	\$22,176,000	\$115,200
GPA - Bridge Program				
Persons	450	514	538	24
Monthly Cost per Person	\$118.50	\$118.50	\$118.83	\$0.33
Total Payments	\$639,900	\$730,908	\$767,166	\$36,258
Burials	510,000	520,000	640,000	120,000
Medical	1,620,000	1,569,761	1,400,000	(169,761)
Total Costs	\$2,769,900	\$2,820,669	\$2,807,166	(\$13,503)
General Revenue	1,917,456	1,994,661	2,070,486	75,825
Federal Funds	852,444	826,008	736,680	(89,328)
Total Cash Assistance	\$121,089,680	\$117,266,469	\$115,143,084	(\$2,123,385)
General Revenue	30,178,810	30,228,938	30,419,963	191,025

<i>FY 2010</i>	FY 2010	November	May 2010	<i>Change</i>
<i>Medical Assistance</i>	<i>Enacted</i>	<i>2009 CEC</i>	<i>CEC</i>	<i>from</i>
Hospitals	\$100,642,360	\$116,100,000	\$123,000,000	<i>\$6,900,000</i>
DSH	121,645,649	121,700,000	121,700,000	-
Hospitals Total	\$222,288,009	\$237,800,000	\$244,700,000	<i>\$6,900,000</i>
Nursing and Hospice Care	\$291,442,595	\$313,200,000	\$329,000,000	<i>\$15,800,000</i>
Home and Community Care	67,880,610	50,500,000	54,500,000	<i>4,000,000</i>
Long Term Care Total	\$359,323,205	\$363,700,000	\$383,500,000	<i>\$19,800,000</i>
Managed Care	\$570,647,492	\$568,300,000	\$560,000,000	<i>(\$8,300,000)</i>
Rhody Health	148,000,000	148,000,000	154,500,000	<i>6,500,000</i>
Pharmacy	11,100,000	14,200,000	11,100,000	<i>(3,100,000)</i>
Clawback	44,700,000	44,000,000	26,000,000	<i>(18,000,000)</i>
Other Medical Services	91,640,278	112,600,000	123,500,000	<i>10,900,000</i>
Total Medical Assistance	\$1,447,698,984	\$1,488,600,000	\$1,503,300,000	<i>\$14,700,000</i>
General Revenue	562,347,933	578,600,000	571,200,000	<i>(7,400,000)</i>
Federal Funds	880,104,140	904,200,000	926,300,000	<i>22,100,000</i>
Restricted Receipts	5,246,911	5,800,000	5,800,000	-

<i>FY 2010</i>	FY 2010	November	May 2010	<i>Change</i>
<i>Total Consensus Estimate</i>	<i>Enacted</i>	<i>2009 CEC</i>	<i>CEC</i>	<i>from</i>
Total Expenditures	\$1,568,788,664	\$1,605,866,469	\$1,618,443,084	<i>\$12,576,615</i>
General Revenue	592,526,743	608,828,938	601,619,963	<i>(7,208,975)</i>

<i>FY 2011</i>	November	May 2010	<i>Change</i>
<i>Cash Assistance</i>	2009 CEC	CEC	<i>from</i>
			<i>November</i>
Rhode Island Works			
Persons	17,400	17,075	(325)
Monthly Cost per Person	\$194.00	\$188.00	(\$6.00)
Cash Payments	\$40,507,200	\$38,521,200	(\$1,986,000)
Monthly Bus Passes	2,900,000	3,557,065	657,065
Supportive Services	120,000	115,000	(5,000)
Tax intercepts	(300,000)	(300,000)	-
Clothing - Children	275,000	238,000	(37,000)
Catastrophic	60,000	40,000	(20,000)
Work Supplementation	20,000	15,000	(5,000)
Total Costs	\$43,582,200	\$42,186,265	(\$1,395,935)
TANF Block Grant	43,582,200	42,186,265	(1,395,935)
General Revenue	-	-	-
Child Care			
Subsidies	6,561	6,480	(81)
Annual Cost per Subsidy	\$7,400	\$7,200	(\$200)
Total Costs	\$48,551,400	\$46,656,000	(\$1,895,400)
Federal Funds	38,945,783	37,050,383	(1,895,400)
General Revenue	9,605,617	9,605,617	-
SSI			
Persons	32,600	32,650	50
Monthly Cost per Person	\$47.52	\$47.15	(\$0.37)
Cash Payments	\$18,589,824	\$18,473,370	(\$116,454)
Transaction Fees	4,176,060	4,182,465	6,405
Total Costs (General Revenue)	\$22,765,884	\$22,655,835	(\$110,049)
GPA - Bridge Program			
Persons	520	550	30
Monthly Cost per Person	\$118.50	\$119.00	\$0.50
Total Payments	\$739,440	\$785,400	\$45,960
Burials	525,000	660,000	135,000
Medical	1,770,600	1,550,000	(220,600)
Total Costs	\$3,035,040	\$2,995,400	(\$39,640)
General Revenue	2,098,658	2,175,682	77,024
Federal Funds	936,382	819,718	(116,664)
Total Cash Assistance	\$117,934,524	\$114,493,500	(\$3,441,024)
General Revenue	34,470,159	34,437,134	(33,025)

<i>FY 2011</i>			<i>Change</i>
<i>Medical Assistance</i>	November	May 2010	<i>from</i>
	2009 CEC	CEC	<i>November</i>
Hospitals	\$80,700,000	\$87,500,000	\$6,800,000
DSH	124,800,000	124,800,000	-
Hospitals Total	\$205,500,000	\$212,300,000	\$6,800,000
Nursing and Hospice Care	\$304,000,000	\$337,000,000	\$33,000,000
Home and Community Care	68,800,000	67,800,000	(1,000,000)
Long Term Care Total	\$372,800,000	\$404,800,000	\$32,000,000
Managed Care	\$627,000,000	\$626,000,000	(\$1,000,000)
Rhody Health	168,000,000	185,000,000	17,000,000
Pharmacy	12,100,000	12,200,000	100,000
Clawback	46,200,000	40,800,000	(5,400,000)
Other Medical Services	113,700,000	126,400,000	12,700,000
Total Medical Assistance	\$1,545,300,000	\$1,607,497,163	\$62,200,000
General Revenue	668,600,000	690,300,000	21,700,000
Federal Funds	870,962,000	911,200,000	40,238,000
Restricted Receipts	5,700,000	6,000,000	300,000

<i>FY 2011</i>			<i>Change</i>
<i>Total Consensus Estimate</i>	November	May 2010	<i>from</i>
	2009 CEC	CEC	<i>November</i>
Total Expenditures	\$1,663,234,524	\$1,721,993,500	\$58,758,976
General Revenue	703,070,159	724,737,134	21,666,975